



## **URALITA'S BUSINESS PERFORMANCE**

### **THIRD QUARTER 2010**

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***Gradual improvement in sales during the third quarter, primarily due to the recovery in international markets***

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- ***Positive growth in annual sales for international markets (which accounted for 63% of Uralita's total sales in the first nine months of 2010), while activity continues to drop in Spain, particularly in the piping business, which has been affected by cuts in public infrastructure work. By the end of September, Uralita had generated revenues of €507M, reducing the drop in revenue from 2009 to 6.5% (down from a 8.4% drop in the first half of 2010).***
- ***Operating profit (EBITDA) remains below 2009 levels (EBITDA margin of 13.1% vs. 14.2% in 2009) affected by low levels of activity of the piping business and the high prices of some raw materials, especially polystyrene, which affected the profitability of part of the insulation business.***
- ***An attributable net profit of €2.4M in Q3 2010 for a total of €5.1M in the first nine months of 2010. The latter figure represents a 37.0% drop from the same period of 2009, due to lower EBITDA and better results in businesses with minority partners.***
- ***The company continues to exercise tight control of cash and has succeeded in lowering debt slightly (by €3M) compared to the close of the first half of the year. This brings net debt to €241M and the debt/EBITDA ratio to 2.6x.***
- ***Through the end of the year, the group is expected to:***
  - ***Continue increasing sales to close the year with a smaller sales decrease (compared to 2009) than the current figure.***
  - ***Recover additional profitability in the last quarter and maintain current debt levels.***

<i>Consolidated totals (in million euros)</i>	<b>9M 2010</b>	<b>9M 2009</b>	<b>Difference</b>
<b>Sales</b>	<b>507.2</b>	<b>542.2</b>	<b>-6.5%</b>
<b>EBITDA</b>	<b>66.2</b>	<b>76.9</b>	<b>-13.9%</b>
<i>EBITDA Margin (over Sales)</i>	<i>13.1%</i>	<i>14.2%</i>	<i>-1.1 pp</i>
<b>Attributable Net Profit</b>	<b>5.1</b>	<b>8.1</b>	<b>-37.0%</b>

### **Comments on Sales and EBITDA:**

- Q3 2010 sales reached €178.9M, a 2.6% reduction compared to the same period in 2009. Cumulative sales for the first nine months totalled €507.2M, which represents a 6.5% decrease compared to the same period in 2009.
- By geographical area, there was gradual recovery of sales in international markets, with Eastern Europe and Russia being particularly notable. In Q3 2010, international sales were 3% higher than Q3 2009, reaching 9M 2009 levels, thus compensating for the significant downturn experienced in Q1 2010 due to severe weather. Slight slowing of sales decreases in Spain (-11% in Q3 2010 vs. -17% in H1 2010), reaching -15% in the first nine months of 2010.
- By business unit, sales improved in Interior Solutions (gypsum and insulation), reaching €404M for the first nine months of 2010 (a similar figure to 2009) and closing the sales gap opened in the first semester. Piping continued its downward trend in H1 2010, making it the business unit to experience the greatest drop in sales (32% vs. 9M 2009). It has been heavily affected by the sharp reduction in civil infrastructure work as a result of Spanish fiscal austerity plans. The Roof Tile business recovered part of its sales volume, finishing 9M 2010 with a 9% reduction vs. 9M 2009 (compared to the 18% reduction posted in H1 2010).
- Cumulative EBITDA in 9M 2010 totalled €66.2M, which represents a 13.9% reduction compared to 2009 values. About 90% of the decline in EBITDA can be attributed to the Piping business unit, which is still adjusting to a sharp drop in activity, more than one third. The rest of the decline in EBITDA was the result of the rising cost of polystyrene, which affected the profitability of part of the insulation business (XPS). Due to the fact that the recovery is only just beginning in some markets, it was not possible to pass on these cost increases by raising prices.
- Interior Solutions (gypsum and insulation) continues to be the most important business unit for the group. In 9M 2010, it accounted for 80% of group sales and 93% of group EBITDA. 75% of its sales come from outside Spain.